

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)

HAWAIIAN BEACHES  
WATER COMPANY, INC.

For Review and Approval of Rate  
Increases; and Revised Rate  
Schedules.

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DOCKET NO. 2009-0161

DECISION AND ORDER

FILED

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COMMISSION

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DECISION AND ORDER

By this Decision and Order, the commission adopts the Proposed Decision and Order, filed on January 14, 2010 ("Proposed Decision and Order"), as its Decision and Order in this proceeding. In so doing, the commission approves an increase of \$230,496 or approximately 36.065%, over revenues at present rates for services rendered by HAWAIIAN BEACHES WATER COMPANY, INC. ("HBWC").

I.

Background

The commission timely issued the Proposed Decision and Order on January 14, 2010,<sup>1</sup> as mandated by HRS § 269-16(f), and in response to HBWC's<sup>2</sup> Application filed on July 17, 2009.

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<sup>1</sup>The DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), is an ex officio party to this proceeding pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative Rules § 6-61-62. HBWC and the Consumer Advocate, the sole parties to this proceeding, are hereafter collectively referred to as the "Parties."

In the Proposed Decision and Order, the commission approved an increase of \$230,496 or approximately 36.065%, over revenues at present rates for services rendered by HBWC, based on a total revenue requirement of \$869,616 for the January 1, 2010, through December 31, 2010 test year ("Test Year"). In doing so, the commission also approved in part and rejected in part, the Parties' Stipulation of Settlement Agreement in Lieu of Rebuttal Testimonies, filed on November 23, 2009. In particular, the commission rejected that portion of the Parties' agreement, which did not include a phase-in of the rate increase. Instead, the commission approved the Parties' stipulation on rate design, with a two stage phase-in of the monthly volumetric rate. Specifically, the commission required that, during phase 1, the monthly volumetric rate would be \$3.00 per thousand gallons of water used, effective upon commission approval, and that the full amount of the agreed-upon monthly volumetric rate of \$4.2237 would not be effective until phase 2 (i.e., 6-months after implementation of phase 1 rates).

The commission also instructed the Parties to notify the commission, within ten days of the date of the Proposed Decision and Order as to whether they each accept, in toto, or do not accept, in whole or in part, the Proposed Decision and Order, as mandated by HRS § 269-16(f)(3). The commission also directed

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<sup>2</sup>HBWC filed its application on July 17, 2009, and attached various exhibits, including the direct testimony of Mr. Robert L. O'Brien (Exhibit HBWC-T-100); a Verification; and a Certificate of Service (collectively, "Application").

HBWC to promptly file its revised tariff sheets and rate schedules for the commission's review and approval.

By letter dated and filed January 19, 2010, HBWC notified the commission that it accepts, in toto, the Proposed Decision and Order ("HBWC's Acceptance Letter").<sup>3</sup> Concurrently, HBWC submitted its revised tariff sheets and rate schedules pursuant to the commission's directive. With respect to HBWC's revised tariff sheets and rate schedules, HBWC requests that the commission issues its Decision and Order to allow for a February 1, 2010 effective date. According to HBWC, a February 1, 2010 effective date will allow implementation of the approved rates without having to prorate a portion of the current \$48.06 flat rate with the fixed \$30.00 monthly charge. HBWC states that "[i]n addition to lessening some of the administrative tasks of prorating each customer's billing, HBWC believes it will help to lessen customer confusion."<sup>4</sup>

Subsequently, by letter dated and filed on January 22, 2010, the Consumer Advocate notified the commission that it does not object to the commission's findings and accepts the Proposed Decision and Order in toto ("Consumer Advocate's Acceptance Letter"). Nonetheless, the Consumer Advocate states that the "phase-in has a potential to cause confusion for some of HBWC's customers, especially those who are projected to have a decrease in their water service charges[.]"<sup>5</sup> Noting that it

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<sup>3</sup>See HBWC's Acceptance Letter at 1.

<sup>4</sup>Id.

<sup>5</sup>See Consumer Advocate's Acceptance Letter at 1.

discussed its concerns with HBWC and that HBWC has stated that it intends to provide notice to its customers regarding the potential impacts of the phase-in plan, the Consumer Advocate recommends that the commission require HBWC "to file a copy of the bill insert or narrative that is sent to customers" with the commission and Consumer Advocate.<sup>6</sup>

## II.

### Discussion

The Parties have accepted the Proposed Decision and Order. Consequently, the Parties are not entitled to a contested case hearing and HRS § 269-15.5, governing the appeal of commission decisions, does not apply. The commission hereby adopts the Proposed Decision and Order as its Decision and Order in this proceeding.

In addition, finding that HBWC's revised tariff sheets and rate schedules are in compliance with the Proposed Decision and Order, the commission approves HBWC's revised tariff sheets and rate schedules. This decision is based on the commission's review of HBWC's filing and its representations. Moreover, the Consumer Advocate's recommendation to require HBWC to file a copy of HBWC's bill insert or narrative explaining to its customers the potential impacts of the phase-in plan appears reasonable and, thus, this recommendation is adopted.

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<sup>6</sup>Id. at 3.

### III.

#### Orders

##### THE COMMISSION ORDERS:

1. The Proposed Decision and Order, filed on January 14, 2010, is adopted as the commission's Decision and Order in this proceeding.

2. HBWC may increase its rates to produce additional revenues of \$230,496, or approximately 36.065%, over revenues at present rates, as shown on Exhibit A attached to the commission's Proposed Decision and Order, representing an increase in HBWC's revenue requirement to \$869,616 for the Test Year, based on a stipulated 8.3% rate of return on HBWC's stipulated average rate base for the Test Year.

3. HBWC's revised tariff sheets and rate schedules, submitted on January 19, 2010, are approved. HBWC shall promptly file its new revised tariff sheets and rate schedules, with the applicable issued and effective dates.

4. Within ten days of the date of this Decision and Order, or as soon as practicable, HBWC shall file a copy of its bill insert or narrative explaining to its customers the potential impacts of the phase-in plan.

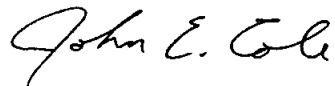
5. The failure to comply with Ordering Paragraph Nos. 3 and 4, above, may constitute cause to void this Decision and Order, and may result in further regulatory action as authorized by law.

6. Upon HBWC's compliance with Ordering Paragraph Nos. 3 and 4, above, this docket will be considered closed unless ordered otherwise by the commission.

DONE at Honolulu, Hawaii FEB - 9 2010.

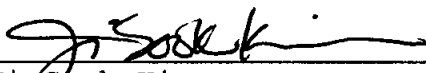
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By:   
John E. Cole, Commissioner

APPROVED AS TO FORM:

By:   
Leslie H. Kondo, Commissioner

  
Ji Sook Kim  
Commission Counsel

2009-0161.cp

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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